

April 9, 2004

TO: New Hampshire Personal Auto Insurance Carriers

FROM: Roger A. Sevigny, Insurance Commissioner

SUBJECT: Auto Repair Steering

NOTICE

The State of NH Insurance Department is taking this opportunity to remind automobile carriers admitted in New Hampshire that engaging in the following activities constitutes a violation of New Hampshire law and/or Department regulations, and subjects the violator to various penalties including fines, license revocation, suspension and/or denial:

RSA 417:4, XX Unfair Methods, Acts and Practices Defined. The following are hereby defined as unfair methods of competition and unfair and deceptive acts and practices in the business of insurance:...XX. COERCION IN REQUIRING CERTAIN AUTOMOBILE OR GLASS REPAIR.

- (a) No insurance company, and no agent or adjuster for such insurance company, that issues or renews in this state any policy of insurance covering, in whole or in part, motor vehicle shall require any insured person or entity under that policy to use a particular company or location for the providing of automobile glass replacement or automobile repair services or products insured in whole or in part by that policy.
- (b) No such insurance company, agent or adjuster shall engage in any act or practice of intimidation, coercion, threat, for or against any such insured person or entity to use such a particular company or location to provide such services or products.
- (c) Nothing shall prohibit any insurance company⁶, agent or adjuster from providing to such insured person or entity the name of an automobile glass company or automobile repair company with which arrangements may have been made with respect to automobile glass or repair prices or services. If a name is provided, there must be disclosure by the insurance company, agent or adjuster to the insured person or entity that any other automobile glass company or automobile repair company or location may be used at the discretion of the insured person or entity. However, the insurer may limit

payment for such work based on the fair and reasonable price in the area by repair shops or facilities providing similar services with the usual and customary guarantees as to materials and workmanship. If an independent repair shop or facility and an insurer are unable to agree on a price, then for the purposes of this section "fair and reasonable price" shall mean the price available from a recognized, competent and conveniently located, independent repair shop or facility which is willing and able to repair the damaged automobile within a reasonable time."

Insurers are reminded that the Department issued bulletins related to steering and improper claims practices in both 1998 and 1999, which may be viewed on the Department's web site at www.state.nh.gov/insurance